

**THE 2019/20 STATE OF MUNICIPAL ADDRESS BY: MAYOR OF MASILONYANA LOCAL MUNICIPALITY, CLLR. K.S KOALANE AT IPELENG COMMUNITY HALL ON THE 28 JUNE 2019**

Honourable Speaker, Cllr D.E Modise

Honourable Chief-Whip, Cllr P.E Mabitla

Municipal Manager, Mr. Pule Tsekedi

Honourable Councillors

ANC and Alliance Leaders

Leaders of political parties

Religious leaders and all stakeholders

Esteemed guests and

Fellow residents

**Molweni, dumelang, good day and goeie dag!!! Natives land act 106 Years**

Thank you, Madam Speaker and Honorable Councilors for this opportunity to address the august Sitting and our fellow residents on this year where we are at the start of the 6th Democratic Parliament, the month of which we commemorate the 106 years after the Natives Land Act – one of the most devastating acts of dispossession, pain and humiliation came into force.

The history of white colonial land dispossession did not begin with passing of the native land act in 1913, it spans back to the expansion of Dutch colonial settlement in the Cape. Land and livestock dispossession resulted in wars between our African brothers: the Khoikhoi, Xhosas, Zulu, Basotho and other ethnic groups against the colonial settlers

While the initial part of land dispossession began with annexation and division of territory, over time proclamation were made and laws were enacted by both the Afrikaners and the British settlement. Thus, by the time Land act of 1913 was enacted, South Africa was already moving in the direction of spatial segregation.

In his honor, His Excellency State President, Cyril Ramaphosa, declared the year 2019, the year of Renewal and Growth with a theme: “Let's grow South Africa together as we celebrate 25 years of freedom”.

Equally, Honourable Speaker, we make a clarion call to the community of our Municipality to unite with us in the Renewal and Growth of Masilonyana Local Municipality. Chapter 3 of the constitution describes the three spheres as being 'distinctive', interdependent and interrelated and enjoins them to cooperate with one another in mutual trust and good faith.

Honourable Councilors, Our people in their overwhelming majority, adhered to the ANC's invitation to grow South Africa together with them. They renewed the ANC's mandate for the next five years, through a decisive majority. Speaker, our people gave us a clear mandate when we were interacting with them, through door to doors campaign; they told us their expectations and what the 6<sup>th</sup> administration should do to better their lives, reduce poverty and inequality.

Honourable Speaker, allow me to delivering this brief account of the achievements of the Municipality in the past year, and outline our commitments for the coming year aligned to the seven pillars of ANC Manifesto for 2019 Elections.

### **Pillar No 1: Economic Transformation and Jobs**

Honourable Speaker,

Our economy has been facing difficulties since the financial crisis in 2008. A resilient and fast growing economy is at the heart of our radical economic transformation agenda and our National Development Plan (NDP).

In line government's radical economic transformation agenda we have revised and approved Municipal Supply Chain Policy to accommodate the Thirty percent (30%) set asides. Municipality still maintain its policy to pledge 30% of the total value of each project to benefit local SMMEs. The Municipal Manager will enter into an agreement with the main contractor and the sub-contractor wherein the sub-contractor will be paid directly into their accounts by the municipality.

Honourable Speaker, Old Mutual is a proudly level 2 empowerment contributor company in terms of the amended Financial Sector Generic Scorecard. After a fruitful interaction with the Area Manager for North and Eastern Free State: Mr Tumelo Moea, Old Mutual has pledged a grant of R250 000.00 for 1 or 2 companies in our Municipality where we are also required to pledge the same amount of R250 000.00 to help SMME's in our Municipality. This will be able to assist in their growth or to start a new Business.

Furthermore Honourable speaker, Old Mutual has committed to assist more young people who are currently into business with funding. Application forms were distributed and returned to Old Mutual, of which we will be monotoring the progress.

Through our Social Labour Plans for 2018 – 2021, we have also budget amount of R1 Million for construction of Container Parks around four towns our Municipality. These will see more young people participating in the development of local economy, ensure creation jobs and eradicate poverty.

Media Cooperative will also receive R250 000.00 from our own funding to remodel our communication platforms from print to digital communication. We should also pursue commitments made by the Department of Postal and Tele-Communications in installing Wifi in all our schools and public places. The municipality ought to take advantage of recently launched District ICT Shared Services in order to respond to services queries through a central ICT location.

Our municipality is a semi-rural municipality which is dependent on agriculture and mining as key economic drivers. With the mining sector on a decline and in line with the Free State Growth and Development Strategy we will turn our focus on tourism. We will be developing a tourism strategy that will enable us to attract more tourists and we will also look into upgrading our tourism facilities so that they can appeal to the vast majority of tourists and holiday makers.

It envisaged that these developments will change the scale of our economy and create jobs.

Fellow Councillors, the Municipality envisages entering into a Memorandum of Understanding (MOU) with the provincial Department of Economic, Small Enterprise Development, Tourism and Environmental Affairs (DESTEA) to create a Masilonyana Tourism Portfolio through a thorough identification, resuscitation and packaging of all our tourism attraction sites. More details will be elaborated in the upcoming Local Economic Development (LED) Summit which is yet to be confirmed.

Masilonyana Business Development and Information Centre in Theunissen is complete, to avoid more damage and vandalism to the property we have decided to move finance department to occupy the building.

Through Social and Labour Plans (SLPs), the Mining Charter and our stakeholder partnerships relations with the Mining Houses operating within our district, Harmony Gold Mine has funded a project for the Refurbishment of Sechaba Lesimola Business Hive.

The centre was refurbished in 2017 but was later damaged by windy storms, and this financial year we will see installation of electricity and block paving around the building. The centre will be utilised by local small traders to ply their various trades such, Upholstery, Hair Salon, Clothing Manufacturing, franchising, coffin manufacturing etc. A funding must also be sourced as the project will create more employment opportunities for our community.

Once refurbishment has been completed, and building is ready to be used; we will put advert requesting community to apply for the use of the centre. The current occupants will not forfeit their space as to allow local SMME's with different trade to utilise the building the centre has 14 offices.

We will also see the refurbishment of a building behind speakers offices, these building will be renovated in order to assist more SMME's who will be trading in manufacturing of goods and will need big machinery to operate.

The construction of Intermodal Taxi Rank has been budget R7 Million for this financial year 2019/2020 through social labour plans, funded by Harmony.

### **Youth In Mining**

In support of DMR's workshop held in Welkom in February 2019, we would like to encourage and support youth of Masilonyana to develop interest in small scale mining. We further like to urge them to acquire through licences/permits mining rights to mine sand at Vetrivier which runs between Verkeerdevlei and Winburg and flow across Brandfort and Theunissen.

Speaking of Social Labour Plans (SLPs) Honourable Speaker, the Municipality has completed its engagements with the mines and other relevant Stakeholders, inputs for the new cycle of SLP projects to be implemented by the mining houses operating in our jurisdiction were done and Memorandum of Understanding (MOU) have been signed.

### **Job Creation**

Since its implementation in 2012 as a vehicle to fight the triple challenges of poverty, inequality and unemployment, the Extended Public Works Programme (EPWP), has created 557 jobs with a budget allocation of more than R4, 6 million.

More jobs were created under Extended Public Works Programme (EPWP) in this financial year:

- ✓ 65 jobs were created for Parks and Beautification programme in all towns
- ✓ 27 jobs where 09 from Verkeerdevlei, 09 from Theunissen and 09 from Winburg were created for Youth in Service Programme (NARYSEC)
- ✓ 100 jobs in Brandfort were created for cleaning of the town
- ✓ 66 Jobs created across Masilonyana through WESSA in 2018 and 2019
- ✓ 22 Jobs have been created for Environmental Management (THOLOANA)
- ✓ 10 Jobs were created at Sepelong Game Farm as Field Rangers

The resuscitation of ZR Mahabane Paving/Brick Manufacturing Project will start this financial year 2019/2020, resuscitation will be spearheaded by re-capitalising of R800 000.00 of the initial project fund which were held by Price Waterhouse

Coopers (PWC) in a trust account. This project is anticipated to create employment opportunity for more than 35 Household. We further reiterate the municipality's discretion to procure local

Revitalisation of Winburg/Marquard road will start in July this year, the project will run for a period of 36 Months and it will employ about 400 people and subcontracting of local SMME's.

Honourable Speaker, we have had many incidents where theft and damage to property occurred in our water plant and Municipal stores. In 2019/2020 financial year, we will employ 13 security officers across four towns of our municipality and 43 general workers for period of one year through Extended Public Works Programme with a total budget of 1 Million Rand.

Community Work Program (CWP) is another government safety net initiative, targeting the most vulnerable communities. It intends to respond to the triple challenges of poverty, unemployment and inequality as outlined in the New Growth Path and the National Development Plan. The municipality has been allocated 500 beneficiaries for the implementation of the first phase of CWP, and early this year COGTA approved for recruitment of another 100 participants in wards which have low participants (namely ward 6 and 2) Currently the total number of registered beneficiaries and on site is 602.

## **Pillar No 2: Invest in People, Education, a Skills Revolution and Health**

Fellow Compatriots,

Allow me to express our shock as a Municipality, the ongoing brutal killings and attacks in our schools throughout the country. We join the rest of South Africa in appealing to our communities to assist authorities to deal with these acts of madness and ensure that the perpetrators are put behind bars. Let us also do proper parenting and instil good values to our children while we monitor their movements at all times in order to ensure their safety from hyenas.

In the coming months both my Office and all relevant stakeholders will aggressively rollout awareness campaigns that will involve communities in the prevention of Anti-Gangsterism and Drug Abuse. All Councillors, Ward Committees, ANC branches and society at large must actively lead a campaign to encourage the defence of the most vulnerable people in our society.

These campaigns must assist us all to understand the importance of education, the value of life, and the right to learn which aims to build the lives of our children.

In 2009 government introduced an HIV policy turnaround which led to a massive roll-out of HIV testing and treatment for 3,2 million people living with the virus. These policy reforms contributed immensely to healthier and longer lives for those infected.

The total number of persons living with HIV in South Africa increased from an estimated 4.2 Million in 2005 to 7.5 Million by 2018. For 2018 estimated 13.1% of the total population is HIV positive. Approximately one fifth of South African Woman in their reproductive ages (15 – 49years) are HIV positive, but HIV prevalence among the youth aged (15 – 204years) has declined over time from 6.7% to 5.5% in 2018

Government further provides Anti-Retroviral (ARV) Treatment for all HIV diagnosed patients irrespective of their CD4 counts.

Whilst we acknowledge that more needs to be done to roll out prevention campaigns especially amongst the youth, to strengthen Town based Aids Councils a training was conducted for all Masilonyana Local Aids Council Members in Winburg in 2018 and revived all Town based Anti Gangsterism and Drug Abuse Forums.

For 2019/2020 financial year, my office has budget **R780 000** for Special Programmes.

Honourable Speaker,

We also wish to congratulate two young men from Brandfort (AK4FELLAS) for winning national Kwaito award for best singing Group and Makeleketla Primary Chess Club for attaining position two and three respectively in national championship in Gauteng Province.

We also acknowledge the contribution made by one of our own, Mothobi Mvala who is the captain of Highlands Park; he ensured that they finish in top 8 of our Premier Soccer League in their first season. These sportsmen continue to raise our flag high, and make the Free State proud.

As part of our commitment to youth development programmes such Sports and Arts and Culture, we have, for the coming financial year budgeted more than R9 million for upgrading of Tshepong/Verkeerdevlei Sport Facility as well as the completion of Brandfort/Majwemasweu Sport Facility.

Honourable Councillors, in our presence today, we have Reseamohetse School Band from Theunissen. We pledge our support to them, as they are in need of new equipment. As the Municipality we will ensure that they assisted with such equipment and they have also made Masilonyana proud when they were invited to sing by the President during his visit in the Free State.

Fellow Councilors,

In order for us to enhance service delivery and arrive at a South Africa we all envisaged in 1994, it is imperative for us to align our IDP with the National Development Plan (NDP), the Free State Growth and Development Strategy (FSGDS) and the Medium Term Strategic Framework (MTSF) which are the apexes of the 2030 National and Provincial visions. This alignment is outlined in section L of

our IDP document. Both these two planning instruments (NDP and FSGDS), were developed through a process which included the assessment of all planning policies. The Municipal IDP document is also aligned with the Medium Term Revenue and Expenditure Framework (MTREF) – the Budget.

### **Pillar No 3: Security and Comfort for all – Advance the social Wage**

Honourable Councillors,

As we continue to ensure that our environment is clean, we have ensured that all landfill sites within the Municipality are licensed and in good standard, business plans were developed for the upgrading of these landfill sites.

The project for the Upgrading of Brandfort/Majwemasweu Landfill Site has started with the budget of 3.5 Million rand and this project will create One Hundred (100) jobs through Expanded Public Works Programs (EPWP).

We have also heard the complaints of the community during our interactions with them, about bad roads in Lusaka and Masilo. The community is experiencing lack of water supply and there are still outstanding connections to sewer pipe lines in Tshepong.

Honourable speaker, through Social and Labour Plans (SLP) projects:

- We will implement resealing and sealing of roads in Masilo and Lusaka.
- Water and sewer reticulation project will be implemented in Tshepong, Masilo and part of Lusaka.
- Honourable Councillors this financial year 2019/2020, Sibanye Stillwater will build 17 Houses for its employees through Employee housing scheme. Contractors have been appointed and project will start as soon as contracts have been finalised.

### **Infrastructure Development**

The refurbishment of Winburg pump station project has started, with budget amounting to R5 Million. Consultant is appointed.

Winburg derives its raw water from three dams namely, Rietfontein Dam, Wolvas 1 and Wolvas 2. During dry seasons, particularly in winter the Dams are affected by

drought hence a construction of Bulk Water Pipeline from Sedibeng Storage Reservoirs to Winburg was initiated.

For 2019/20 financial year, the Municipality has received an allocation of R60 million for water pipe project from Sedibeng to Winburg.

Honourable Speaker and fellow Councillors,

Our municipality has made substantial progress in the expansion of basic services. The percentage of households with access to basic services has increased. However, the building of water infrastructure remains critical so that we can continue to expand access for our people.

The Refurbishment of Theunissen/Masilo Concrete Pressure Towers has been completed and as soon as the tower has been disinfected, pumping of water to the tower would start in order to supply water to high lying areas of Masilo.

### **Current and Future Projects Subsidized by Conditional Grants: With Total Budget of R32 Million**

- Theunissen/Masilo: Installation of 3720 domestic, 2 zonal and 4 bulk water meters, the contractor is already on site.
- Masilo: Construction of 3.5km lined storm water channel with budget amount of more than R3 Million.
- Verkeerdevlei/Tshepong: Installation of 505 domestic, 2 zonal and 5 bulk water meters. The contractor is also on side
- Winburg/Makeleketla: Installation of 3122 domestic and 3 zonal water meters. The contractor is on site
- Majwemasweu/Brandfort: Installation of 2719 domestic, 3 zonal and 3 bulk water meters, and Contractor is already on site.
- Brandfort/Majwemasweu: Fencing of Waste Water Treatment Plant and construction of Guard house with budget of R4 Million
- Winburg/Makeleketla: Construction of 2km storm water drainage with budget of R1.5 Million



- Verkeerdevlei/Tshepong: Construction of a water reticulation network and house connections for 317 erven with Budget of R3 Million
- Verkeerdevlei/Tshepong: Construction of a sewer reticulation network and house connections for 317 erven with budget of R3 Million
- Verkeerdevlei/Tshepong: Refurbishment and upgrading of Oxidation ponds with budget of R6 Million
- Brandfort/Majwemasweu and Winburg/Makeleketla: Fencing of community cemetery and construction of ablution facilities should be done through EPWP, our portable skilled community members will be employed to work on these project through EPWP guidelines and MIG. It is therefore fundamental to compile a database of all skilled community members.

Honourable speaker: 10 Million has been budget through Water Infrastructure Service Grant (WSIG) on both projects for:

- Winburg/Makelektla refurbishment of sewer pump stations & jetting.
- Brandfort/Majwemasweu refurbishment of the water treatment plant
- Construction of 08 High Mast lights in Theunissen, Winburg and Brandfort with budget of R6 Million has also begun.
- The Department of Energy allocated the Municipality R1 million from Integrated National Electrical Programme (INEP) for electrification of a newly established township in Tshepong/Verkeerdevlei also known as New Life Extension.

#### **Pillar No 4: Spatial Development, Human Settlement, Developmental Local Government and Policies's.**

Honourable Speaker,

Department of Human Settlement has embarked on RDP Housing registration from the 03<sup>rd</sup> of June 2019 to 28 June 2019. Our Community has requested that for those who don't qualify for RDP houses, a middle income housing initiative (GAP) be rolled out so that our communities can benefit. Let me take this opportunity to show gratitude to the Honourable Premier who has made effort for the realisation of this initiative.

- New members for the Municipal Planning and Tribunal (MPT) have been appointed, however the department of Rural Development and Land Reform is yet to gazette the new MPT names.
- However the Spatial Development Framework must be reviewed with speed for the purpose of Land acquisition and business development opportunities. our Spatial Development Framework (SDF) has run its Five (5) year period as per the legislative provisions.
- Once the SDF and LUS (Land Use Scheme), have been approved by the Municipal Planning and Tribunal Committee, only then will the application for Masilo Cemetery and Masilo/Theunissen Township Establishment be submitted to the Town Planner or Municipal Planning and Tribunal Committee for approval.
- The Winburg/Makeleketla Township Establishment has been approved. However, the municipality must still appoint the services of a Surveyor for surveying and pegging of sites so that the sites can be allocated to beneficiaries as per the Beneficiary Management List. The Department of Human Settlements has since taken over the whole project and issued out a Tender process to complete the project.
- Regarding the Brandfort/Majwemasweu Township Establishment, the application will be submitted to serve before Municipal Planning and Tribunal Committee once again since the Layout Plans were tabled and approved by Council on the 31st May 2017. The service provider which was appointed for Brandfort/Majwemasweu Township establishment could not complete the project, the Municipality has since decided to cancel the contract with the service provider in order for province (Department Human Settlement) to take over the project.
- In order to fast track service delivery, the council has taken a resolution for procurement of yellow fleet in all four towns of our Municipality and this must be done by august 2019 subject to supply chain processes

### **Objectives of Local Government**

- One of the objectives of local government is to ensure provision of service to the community in a sustainable manner. However uninterrupted provision of water supply has been a challenge. We therefore commit to improve in that aspect. The community should take note that measures have been taken through our engagements with Bloem-Water for management of operations and maintenance of our plants and pump stations. This will be done by entering into Memorandum of Understanding by end of July 2019.

- In order to promote safe and healthy environment, we will be embarking on cleaning of towns programmes every Friday and warning signs will be placed for illegal dumping and by-laws will be enforced.

Honourable Speaker,

We need to institute investigations regarding commonages, illegal land extension and land acquisition of Municipal land by farmers. These are as the result of more people coming to the municipality providing information about these trends.

- We should start conferring lease contracts to small scale beef producing lives stock farmers in partnership with SPARTA.
- We must also engage and partner with the Department of Agriculture and rural development and avail our commonage land for agriculture production and agro processing, which will assist with local economic development, to create revenue enhancement for our municipality.
- The Municipality was also approached by aspiring small scale farmers from Brandfort who are interested in a Cannabis Farming Concept for medicinal purposes. Council is therefore urged to avail land through lease agreements for this purpose however; this will be done in consultation with Medicine and Control Council.
- Madam Speaker, we are anticipating the intended re-opening of Winburg Voortrekker Museum in the coming financial year by department of Sport, Art and Culture which will attract investors and tourist around our Municipality. Upon the completion of land audit, we will be advertising land across N1 for Winburg/Makeleketla Business Development, Verkeerdevlei/Motati Business Development and ZR Mahabane Road from Theunissen/Masilo to Brandfort/Majwemasweu.
- We should also cascade Urban/Rural Development Framework and Urban/Rural Development Plan to our municipality for business hive development near Winnie Mandela Meseum in Brandfort. We must also revive the Masilo/Theunissen Buffer Strip Business Plan. The Buffer Strip development must be implemented as pilot and should be funded through Neighbour-hood Development Partnership Grant/ Program.
- The Department of Trade and Industry (DTI) Industrial Parks Revitalisation Program be utilised to create and establish Special Economic Zones in our

municipality to attract investment in support of job creation through manufacturing and buying local.

- The Council took a resolution for the renaming of Masilonyana Local Municipality to Winnie Mandela Municipality, necessary processes have started with meetings between the municipality and both family of Madikizela and Mandela successful.
- In addition, construction of Winnie Madikizela Mandela Museum has started. These will also bring more tourist and investors in our Municipality. The construction has created 18 jobs at this moment and more will be created as the construction continues and when the museum is completed.

### **Pillar No 5: Social Cohesion and Safe Communities**

Honourable Councillors,

- Let me take this opportunity to congratulate the incoming Premier: Mme Sisi Ntombela and the entire Free State Cabinet. The Municipality welcomes the reappointment of Tate Makhoe as the MEC of Education in the Free State. His hard work, ethics and commitment to ensure that our children receive quality education cannot go unnoticed.
- Masilonyana Local Municipality will continue to working together with Department of Education and our Schools to ensure that our children receive quality education. We therefore wish the class of 2019 all the best, we give them our full support to ensure that Free State retain its position as number one (1) when it comes to education.
- We wish to encourage many of these Matriculants to consider furthering their studies towards the scarce skills such as Civil Engineering, Town Planning, Accounting and Technology in order to get ourselves ready for the 4<sup>th</sup> Industrial Revolution. Equally, Madam Speaker, to encourage them to register with professional bodies once they've graduated.
- We are grateful to the Free State Provincial Government under the leadership of Honourable Premier, Sisi Ntombela, for its investment in the basic education of all learners in the province. Also for its continued intervention support to all Municipalities and learners in the province by funding Free State learners to further their studies in various institutions in the country and abroad.
- Honourable Speaker, from 12 June until 16 August 2019 we will be welcoming one (1) of our student from Winburg who is currently doing his 4<sup>th</sup> year medical studies in Cuba. During his stay in the country, he will be doing

practicals at one of the clinics in Makelektla and therefore his request is assistance with Laptop, Testestoscope, and surgical uniform for operations.

- We will continue to work together with SGB, Community Policing forums and Community Patrols. The determination of our Police Officers and Community patroller's who keeps us save in our homes even though they get nothing in return.
- Promote nation building and social cohesion especially in schools; early warning for discrimination on gender, race, LGBTQI and Disability.

### **Pillar No 6: A Better Municipality, Africa and the World**

Honourable Councillors,

The Auditor General has been in our Municipality since mid-May 2019, and our officials are working tirelessly to ensure that all that they require is available and handed over.

The strides made so far are positive, as more that 50% is achieved and in order. The office of the Auditor General will come back again to our municipality in August, and these means all outstanding documents should be available.

On Performance Management System, CoGTA will be requested to expedite the drafting of the regulations for the cascading of PMS to levels of our employees. In the contract of the Municipal Manager, a Clean Audit Clause will be inserted.

Honourable Speaker

To ensure that all these is achieved, as Whippery we have sit and created ad-hoc committees that have already dealt with the following on a continuous basis:

1. Service Delivery
2. Organogram
3. Litigations
4. Property and Rates

These committees consist of Councillors, Officials and Directors. Establishment of these committees does not replace the existence of section 80 committees. These committees will provide reports in order to ensure that challenges are attended to and service delivery is archived.

The Municipality has established Complaints Management System and Batho Pele office. This financial year 2019/2020, through Customer Care officials, the Municipality will establish toll free line to ensure that we adhere to 8 Batho Pele Principles as mandated by the constitution of South Africa. We should also ensure that all staff members have nametags and that our frontline staff are well trained.

Honourable Councillors,

The Municipality is also busy with the review of the Organisational Structure. As the municipality we have to ensure that our organogram is in line with the National and provincial Standards (Prototype Structure).

Equally, Council must be reminded that the Municipality has been without warm bodies in critical positions which include amongst others Section (56) Managers for Technical and Infrastructure, Corporate Services; and Local Economic Development. During this period we had to manage operations of the municipality with acting personnel.

To ensure accountability, the Municipality has advertised some of these critical vacancies including strategic positions such as the Director for Social and Community Services and Chief Financial Officer.

However, to avoid a further compromise of service delivery it is imperative for the Municipality to expedite filling of these critical vacancies.

Honourable Speaker,

This Municipality has not been complying with the provisions of the Employment Equity Act in as far as the employment equity is concerned. To achieve reasonable progress towards employment equity in the institution, Administration is currently preparing the Employment Equity Plan which will be tabled in Council for approval and thereafter submitted to the Department of Labour.

However in 2019/2020 financial year, the municipality will advertise 06 traffic officers post, and priority will be given to woman in order to ensure that employment equity is achieved. A Matric certificate will be a requirement for this training and they will be trained for drivers' licence.

Honourable Councillors, in as far as the Workplace Skills Plan (WSP) is concerned; the Municipality has been consistently complying and submitting on time. Even this year's 2019 WSP was developed and submitted to LGSETA as per the legislative requirements. Essentially WSP aims at addressing identified skills gaps within the institution.

In 2018/19 financial, the Municipality has provided the following trainings on Water and Wastewater Process and Reticulation (NQF Level 3):

- Group A: 9 Process Controllers were expected, and 7 attended
- Group B: 13 Water and Sewer Maintenance Reticulation learners were expected and only 7 attended.

A total of 21 HR – Human Resource policies were developed and approved by Council in July 2014. These policies have not been reviewed since their approval.

Due to the developing and evolving nature of the local government sector there is need to review these policies to ascertain their relevancy.

## **Pillar No 7: A Capable Developmental State and Social Compact**

Honourable Speaker and Fellow Councillors,

More than ever, the year 2020 presents us with the opportunity to practice serious fiscal discipline without compromising service delivery but necessitated by a shrinking municipal revenue streams. This must be done whilst we also explore and support initiatives that will stimulate the municipal economy.

Our Municipality should be in a position not to dependent on equitable share but fortify revenue enhancement through Operation Patala which will be launched in July 2019/2020.

The municipality's total operating and capital budget is estimated to be R332 million. Operating expenditure has been projected at R359 million. The Municipality's capital expenditure amounts to R45.6 million that the 100% is funded from grants, however should there be funds available there's capital expenditure planned to be implemented from that available funds. This is supported with a revenue base of R 286.6 million from service charges, property rates and operational grants. The budget has a deficit of R72.5 mil due to non-cash items that constitutes a big chunk of the expenditure, however these expenses has to be accounted for to ensure that the budget is realistic and credible. The municipality is also experiencing cash-flow challenges that will have a direct impact on the budget that is prepared for 2019/2020.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 50% annual collection rate for property rates and other key service charges;
- Although NERSA had proposed an increase of 13.07% on Electricity tariffs, the final approval is 1% due to high electricity distribution losses within the Municipality
- The Municipal Property Rates Act, 6 of 2004 (MPRA);
- Impact of the municipal demarcations;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies for the municipality.

- Disposal of land and other property owned by the municipality that does not generate revenue

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Water Boards bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impacts they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 15.63% on 01 July 2019, as approved by NERSA. It must also be appreciated that the consumer price index, as measured by CPIX, it is not a good measure of the cost increases of goods and services relevant to municipalities.

The basket of goods and services utilised for the calculation of the CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The municipality has increased its tariffs based on the CPIX which is 5.2% on all services except for electricity which will be increased by 13.07% (awaiting NERSA approval) for the 2019/2020 financial year.

For a consumers to be issued with a valuation certificate, 50% of the total debt must be paid in advance and the rest of the debt be arranged for.

Property Rates was increased by R 3.5 million as a result of the implementation of the Valuation Roll, and correction if incorrect values by means of the supplementary Valuation Roll.

The total allocation for indigent support to all registered and qualifying indigents as per DORA allocation will be as follows:

Electricity Basic	:	R87.48
Water Basic	:	R134.87
Sewerage	:	R101.32
Refuse	:	R84.94
<b>TOTAL</b>	<b>:</b>	<b>R 408.61</b>



### **Municipal grants for the 2019/2020 financial year are as follows:**

- Equitable Share: this is an unconditional grant meant to subsidise the poor and council support and is allocated R118 906 000.
- Finance Management Grant (FMG): this is a conditional grant aimed at improving Finance management within the municipality and allocated R1 970 000.
- Water Services Infrastructure Grant (WSIG): this is a conditional grant aimed to provide water and sanitation services and reduce backlogs allocated R10 000 000.
- Integrated National Electrification Programme (INEP): a conditional operating grant, which is aimed at saving energy on the Electricity bill of the municipality, retrofitting of the municipal building and is allocated R3 200 000.
- Expanded Public Works Programme (EPWP): a job creation conditional grant, allocated R1 000 000.
- Municipal Infrastructure Grant (MIG): a conditional grant aimed at addressing backlogs of poor and ageing infrastructure as well as improving capacity on the performance of the water and sanitation networks and is allocated R32 421 000.
- Regional Bulk Infrastructure Grant (RBIG): an in-kind a capital grant for bulk infrastructure improvements, allocated R60 000 000.

### **RECOMMENDATIONS TO COUNCIL:**

Honourable Councillors, the following recommendations are necessitated by the current economic and inflationary conditions.

- That the final budget for 2019/2020 be approved.
- That all budget related tariffs be approved together with the budget.
- All budget related policies as listed and attached be approved.
- Council approve the Revenue and Enhancement Strategy.
- I would like to affirm the lifting of section 139(b), as per council resolution of the 27 October 2017.
- That Council make provision for conferring of delegated powers for both the Municipal Manager and the Mayor to enter into an overdraft agreement.

## CONCLUSION

Honourable Speaker,

I have tabled before you an address that builds on the advances we have made over the past years and a building block for the future, anchored on the commitments of the new national and provincial administrations over the next five years.

Indeed, the service delivery journey never ends, but of importance is that we must continue to instil the hope of a better life for our people.

The ANC-led government commits to continuously serve the people and build a public service that is more responsive, transformative and accountable. We shall continue to work tirelessly with our communities to undermine threats to service delivery and persistent inequalities.

Honourable Speaker and Fellow Councillors,

As I conclude, I wish to thank the Provincial Department of Police, Roads and Transport for their donation to the Municipality of one of their assets which are vehicles to be used for service delivery.

Let me, pay my sincere gratitude to members of this Council, especially the ANC, who represent the multitudes of our people for always ensuring that we are on course, focused and that we direct our attention to the acceleration of service delivery and focused development. We must also appreciate the role of opposition parties who have been with us through these trying times and ensure that we keep the interest of our people first.

Special thanks to our residents, the business community, NGOs, Religious sector and many other stakeholders who are forever providing us with valuable inputs during public participations.

As I close, let me thank the team that worked extensively to put the institutional IDP, Budget and State of Municipal Address together. Your hard work, dedication and determination is much appreciated.

**Madam Speaker – this address will be available to the residents on Municipal Website, [www.masilonyana.fs.gov.za](http://www.masilonyana.fs.gov.za) and Masilonyana Local Municipality FACEBOOK page.**

*I Thank You. Ke a leboha. Dankie. Ndiyabulela. Ngiyabonga. Ke a leboga.*

**Issued by: Office of the Mayor**

**28 June 2019**